



## Q4 2017 PRESENTATION

*Oslo, 15<sup>th</sup> of February 2018*

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# AGENDA

- 1. Highlights*
- 2. Q4 2017 and Preliminary Full-Year 2017 Financial Results*
- 3. Operational Update*
- 4. Market Outlook*
- 5. Summary*
- 6. Q&A*

# 1. HIGHLIGHTS





## HIGHLIGHTS

- Announcement of USD 0.20 dividend
- Total Q4 Revenue USD 33.9 million; EBITDA of USD 24.5 million, Net Loss of USD -23.8 million after impairment charge of USD 45 million
- Q4 Opex average for WilPhoenix approx. USD 78 100 per day
- Total contract backlog at end of Q4 2017 was USD 41 million





## SUBSEQUENT EVENTS

- Yesterday, Awilco Drilling announced that following revisions to the project schedule the Letter of Award from Alpha Petroleum Resources Limited did not result in an agreed contract for WilPhoenix.
- At the same time, Awilco Drilling announced that it has signed a Letter of Intent with an undisclosed operator for the provision of WilPhoenix. The program is expected to commence around 1st September 2018, with an estimated duration of 450 days for an undisclosed dayrate.





## 2. Q4 2017 AND PRELIMINARY FULL-YEAR 2017 FINANCIAL RESULTS

# Q4 2017 INCOME STATEMENT

## Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2017 (unaudited)	Full Year 2017 (unaudited)	Q4 2016 (unaudited)	Full Year 2016 (audited)
Contract revenue	33,525	130,403	34,823	94,582
Reimbursables	343	1,306	298	704
Other revenue	1	22	-	10
	<u>33,869</u>	<u>131,731</u>	<u>35,121</u>	<u>95,296</u>
Rig operating expenses	7,222	27,751	7,290	36,726
Reimbursables	137	357	74	187
General and administrative expenses	1,975	8,818	2,380	8,909
Depreciation	3,963	15,686	3,729	15,579
Impairment	45,000	45,000	-	-
	<u>58,297</u>	<u>97,612</u>	<u>13,473</u>	<u>61,401</u>
Operating (loss)/profit	(24,428)	34,119	21,649	33,895
Interest income	609	792	21	631
Interest expense	(1,615)	(6,919)	(1,805)	(7,658)
Other financial items	1,010	818	(1,125)	(2,479)
Net financial items	4	(5,309)	(2,909)	(9,506)
(Loss)/profit before tax	(24,424)	28,810	18,740	24,390
Tax benefit(expense)	585	(7,555)	(3,823)	(3,364)
Net (loss)/profit	<u>(23,839)</u>	<u>21,255</u>	<u>14,917</u>	<u>21,026</u>
Total comprehensive (loss)/income	<u>(23,839)</u>	<u>21,255</u>	<u>14,917</u>	<u>21,026</u>
Attributable to shareholders of the parent	(23,839)	21,255	14,917	21,026
Basic and diluted earnings per share	(0.79)	0.71	0.50	0.70



# Q4 2017 BALANCE SHEET

## Condensed statement of financial position

in USD thousands

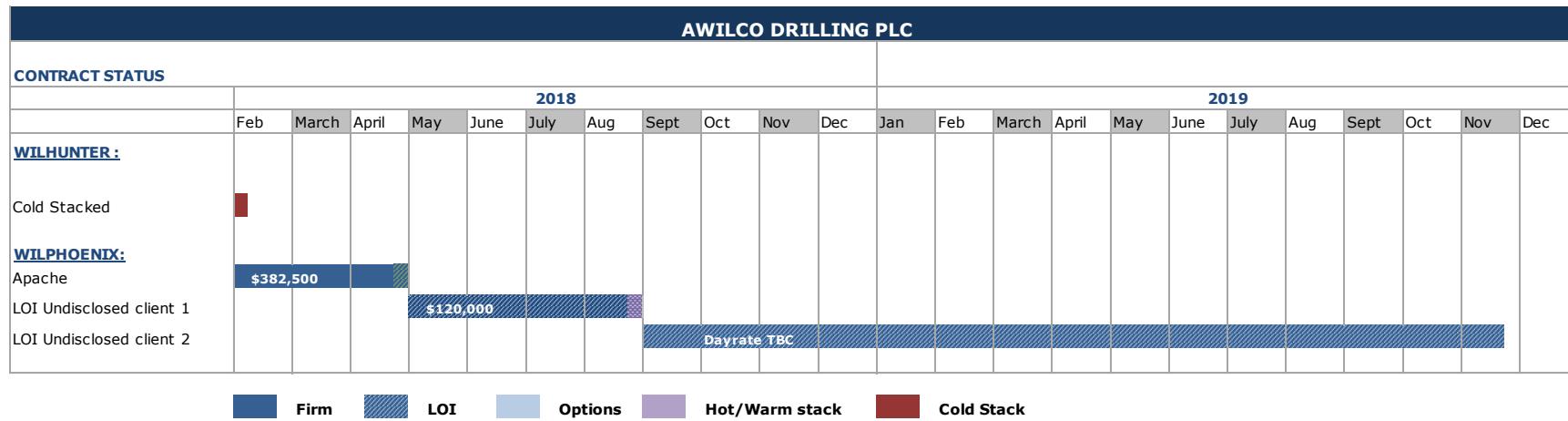
	31.12.2017 (unaudited)	31.12.2016 (audited)
Rigs, machinery and equipment	178,808	238,868
Deferred tax asset	1,954	3,058
	<u>180,762</u>	<u>241,926</u>
Trade and other receivables	17,168	17,269
Prepayments and accrued revenue	6,905	7,213
Inventory	4,809	4,844
Cash and cash equivalents	119,286	70,070
Current tax	227	22,079
	<u>148,395</u>	<u>121,475</u>
Total assets	<u>329,157</u>	<u>363,401</u>
Paid in capital	130,142	130,142
Retained earnings	94,156	96,926
	<u>224,298</u>	<u>227,068</u>
Deferred tax liability	-	1,129
Long-term interest-bearing debt	80,000	90,000
	<u>80,000</u>	<u>91,129</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	1,170	573
Accruals and provisions	9,519	10,708
Current tax payable	4,170	23,923
	<u>24,859</u>	<u>45,204</u>
Total equity and liabilities	<u>329,157</u>	<u>363,401</u>



### 3. OPERATIONAL UPDATE



CURRENT FIRM CONTRACT BACKLOG USD 25 MILLION\* AND  
WILPHOENIX COMMITTED UNTIL AT LEAST NOVEMBER 2019



# OPERATIONAL UPDATE

- Operational uptime in Q4 was 99.6%
- Continued positive customer feedback
- Contract negotiations with undisclosed LOI client 1 ongoing
- Secured new LOI with undisclosed client 2 and contract negotiations process started



# DIVIDEND DISTRIBUTION

- Announcement of dividend payable of USD 0.20 per share
- Dividend payable on or around 23 March 2018
- Shares will trade ex-dividend on 20<sup>th</sup> of February 2018, the record date will be 21<sup>st</sup> of February
- The Company's dividend policy remains unchanged:

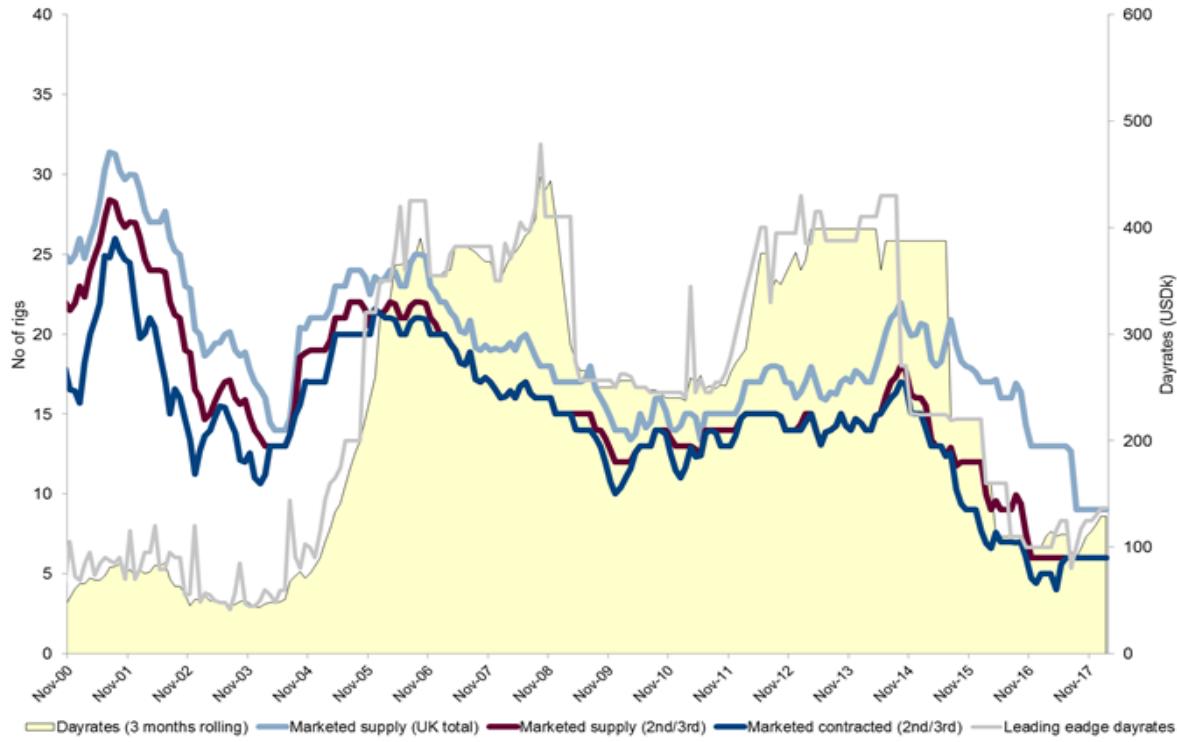
*“The Company intends to distribute all free cash flow above a robust cash buffer to support operational working capital requirements and capital expenditure, including SPS.”*



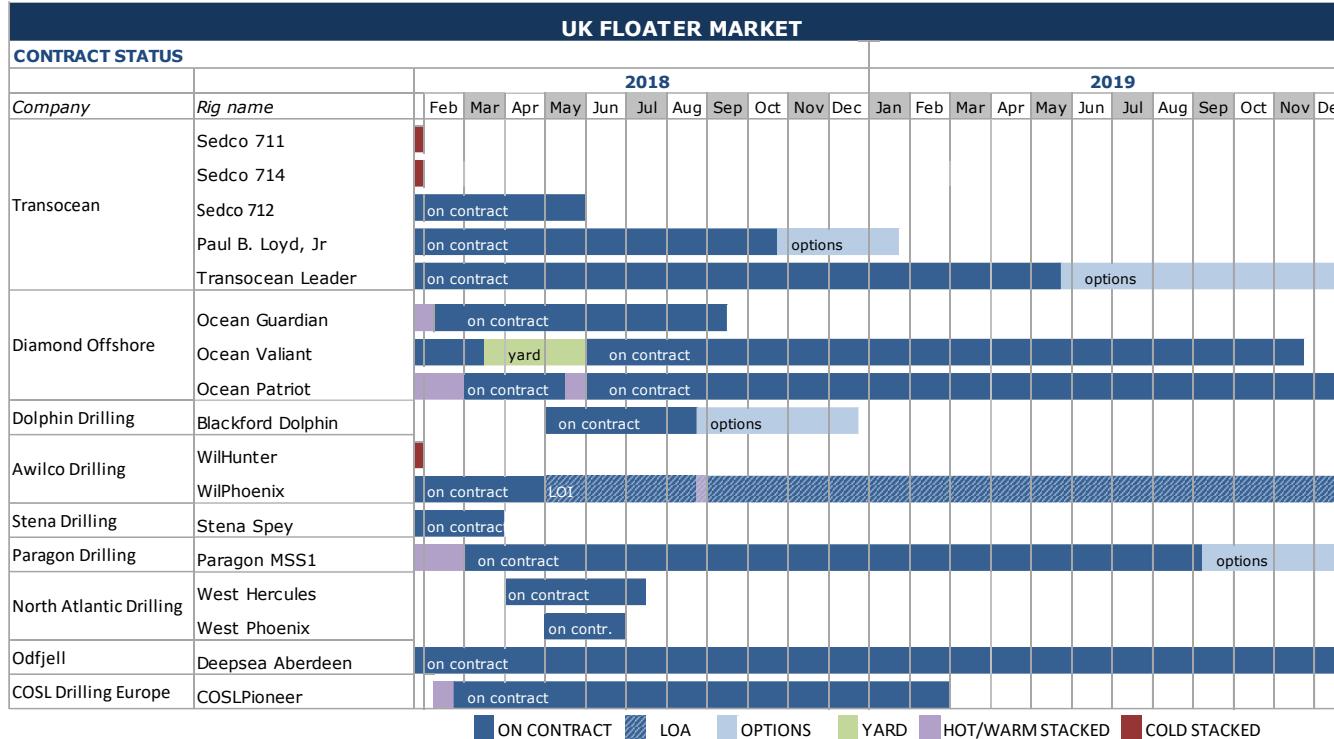
## 4. MARKET OUTLOOK



# THE UK MARKET HAS BOTTOMED OUT...



# ...AND TENDERING ACTIVITY IS INCREASING, ALTHOUGH WINTER WORK IS STILL SCARCE



# INCREASING SIGNS OF MARKET IMPROVEMENT

- Attrition is starting to have a positive effect on market balance
- Summer demand in 2018 is exceeding supply, however, winter work opportunities are slim
- As a consequence, start up of programs are being delayed and pushed into 2019
- 2019 demand seems stronger than 2018
- Overall outlook continues to improve
- M&A activity and stranded asset acquisitions have been seen in the market

## 5. SUMMARY



# SUMMARY

- Announcement of dividend payable of USD 0.20
- Current firm contract backlog of USD 25 million, and WilPhoenix committed until at least November 2019
- Continued signs of market improvement
- Evaluating growth opportunities on a case-by-case basis
  - *Awilco Drilling's fundamentals are good*

Q&A



**AWILCO DRILLING**